

**Jefferson-Pilot Insurance Company vs. Christopher L. Kearney  
Valerie Loftin**

**C-1-02-479  
5/6/2004**

Page 22	Page 24
<p>1 those claims that exceed the certain monetary monthly</p> <p>2 threshold?</p> <p>3 A. At the time that we transferred the files to DMS, it</p> <p>4 was at the recommendation of our reinsurer, Employers</p> <p>5 Reinsurance. They recommended the use of DMS because</p> <p>6 they had had prior relationships with DMS.</p> <p>7 Q. Through other disability insurance companies that they</p> <p>8 had ownership in or reinsurance arrangements with?</p> <p>9 A. Exactly.</p> <p>10 Q. Was anyone else considered by Jefferson-Pilot other</p> <p>11 than DMS to take on that role?</p> <p>12 A. Not to my knowledge.</p> <p>13 Q. Did Jefferson-Pilot conduct any due diligence about</p> <p>14 the services that DMS would be offering?</p> <p>15 A. I know that they obtained references from our</p> <p>16 reinsurers who had prior -- and this is what I know</p> <p>17 not because I was involved but from basically talking</p> <p>18 to people who were involved at the time and who are no</p> <p>19 longer with Jefferson-Pilot.</p> <p>20 Q. Okay. Do you know who at first request on the Notice</p> <p>21 of Deposition is the person to produce the person with</p> <p>22 the financial -- with the best knowledge of the</p> <p>23 financial and other terms of JP's relationship with</p> <p>24 DMS, do you know who would be most mindful inside</p> <p>25 Jefferson-Pilot about why DMS was selected back in</p>	<p>1 A. At that time I don't know who executed this agreement,</p> <p>2 but it would have made sense for it to have been</p> <p>3 executed by the Vice President of Claims at the time,</p> <p>4 but I don't know that he actually is the one that</p> <p>5 signed the agreement.</p> <p>6 Q. Do you know the name of the person who served in that</p> <p>7 capacity at that time?</p> <p>8 A. That would be Clyde Honaker.</p> <p>9 Q. Is he still employed by the company?</p> <p>10 A. No.</p> <p>11 Q. Did he retire or take on a new job somewhere else?</p> <p>12 A. He's taken on a new job.</p> <p>13 Q. Not within the Jefferson-Pilot umbrella?</p> <p>14 A. No.</p> <p>15 Q. Do you know who he works for now?</p> <p>16 A. No.</p> <p>17 Q. Do you know when he left?</p> <p>18 A. June of 2002.</p> <p>19 Q. Do you know what state he lives in?</p> <p>20 A. Kentucky.</p> <p>21 Q. Do you know what city he lives in?</p> <p>22 A. Lexington.</p> <p>23 Q. Is he still in the insurance industry?</p> <p>24 A. I believe so, yes.</p> <p>25 Q. Do you know for what company?</p>
Page 23	Page 25
<p>1 '99?</p> <p>2 A. That would be me.</p> <p>3 Q. But you weren't directly involved in that?</p> <p>4 A. But I have become aware since taking over as Vice</p> <p>5 President of Claims, because we have a continuing</p> <p>6 relationship with DMS.</p> <p>7 Q. Okay. Well, who at Jefferson-Pilot would have</p> <p>8 firsthand personal knowledge of those events?</p> <p>9 A. No one that I know of.</p> <p>10 Q. Who signed the agreement on behalf of Jefferson-Pilot?</p> <p>11 A. Do you have a signed copy?</p> <p>12 Q. Do you know?</p> <p>13 A. I can't remember who signed the agreement on behalf of</p> <p>14 Jefferson-Pilot.</p> <p>15 Q. Would there be a signed copy somewhere inside</p> <p>16 Jefferson-Pilot?</p> <p>17 A. Where did this one come from?</p> <p>18 Q. Would there be a signed copy somewhere inside</p> <p>19 Jefferson-Pilot?</p> <p>20 A. I don't know.</p> <p>21 Q. Okay. Does the President of Jefferson-Pilot Life</p> <p>22 Insurance Company execute agreements such as these?</p> <p>23 A. No.</p> <p>24 Q. Who would have executed agreements such as this one at</p> <p>25 that time?</p>	<p>1 A. No.</p> <p>2 Q. Is it disability insurance?</p> <p>3 A. I don't know.</p> <p>4 Q. Okay. Who was it that decided what the monetary</p> <p>5 threshold would be?</p> <p>6 A. I don't know.</p> <p>7 Q. What was the monetary threshold in December '99,</p> <p>8 January 2000?</p> <p>9 A. I believe the threshold was benefits under \$2,000.</p> <p>10 Q. Per month?</p> <p>11 A. Per month.</p> <p>12 Q. And those that exceeded \$2,000 per month went to DMS</p> <p>13 for administration?</p> <p>14 A. Yes.</p> <p>15 Q. What's the business reason for that?</p> <p>16 A. The business reason is reinsurance.</p> <p>17 Q. I don't understand.</p> <p>18 A. The disability claims are reinsured on a pro rata</p> <p>19 basis, which means that the reinsurer and the primary</p> <p>20 insurer share claims handling expenses. On the</p> <p>21 smaller claims there would not necessarily have been</p> <p>22 that reinsurance in place, and therefore</p> <p>23 Jefferson-Pilot would have picked up 100 percent of</p> <p>24 the cost of outsourcing the handling of those claims.</p> <p>25 On the reinsured claims we would have shared</p>

7 (Pages 22 to 25)

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Page 26	Page 28
<p>1 the cost with ERC on a pro rata basis, and that made</p> <p>2 sense from a business standpoint.</p> <p>3 Q. So Employers Reinsurance didn't have any liability for</p> <p>4 those claims that did not exceed \$2,000 a month?</p> <p>5 A. I'm not -- I can't say. I know that was the</p> <p>6 threshold. I do not know what their liability might</p> <p>7 have been on those particular claims.</p> <p>8 Q. You don't know what the threshold is for their</p> <p>9 liability when their responsibility kicks in?</p> <p>10 A. It varies from claim to claim.</p> <p>11 Q. Based on what?</p> <p>12 A. Based on the treaty that would have been in force at</p> <p>13 the time the policy was issued, based on the block of</p> <p>14 business that the policy was sold in.</p> <p>15 Q. So do I understand your testimony to be that DMS was a</p> <p>16 company that was suggested by Employers Reinsurance</p> <p>17 because they shared in the liability of those larger</p> <p>18 claims?</p> <p>19 A. Yes.</p> <p>20 MR. ELLIS: I'm sorry, who is they?</p> <p>21 MR. ROBERTS: She understood the question.</p> <p>22 THE WITNESS: Employers Reinsurance would</p> <p>23 share in the liability of the claims.</p> <p>24 MR. ELLIS: Thank you.</p> <p>25 MR. ROBERTS: I'll take your deposition</p>	<p>1 Reinsurance reps who you interact with concerning DMS</p> <p>2 are verbal?</p> <p>3 A. I believe so, yes.</p> <p>4 Q. Who are your contacts at Employers Reinsurance?</p> <p>5 A. The general counsel is a gentleman named Bill Dempsey.</p> <p>6 Q. Okay. Is that it? He's the only person you interact</p> <p>7 with?</p> <p>8 A. Uh-huh.</p> <p>9 Q. How long have you been interacting with Mr. Dempsey?</p> <p>10 A. Since I became Vice President of Claims in 2002.</p> <p>11 Q. Prior to your talking on that role in 2002, you had no</p> <p>12 interaction with him at all?</p> <p>13 A. No, I did not.</p> <p>14 Q. And in your two years with him, you have never</p> <p>15 exchanged any written document of any sort, including</p> <p>16 e-mails?</p> <p>17 A. About the handling of a claim?</p> <p>18 Q. Relating to DMS.</p> <p>19 A. No.</p> <p>20 Q. I asked you a negative question, you gave me a</p> <p>21 negative response. As a lawyer, you know what that</p> <p>22 looks like.</p> <p>23 A. I have not e-mailed Bill Dempsey regarding the DMS</p> <p>24 relationship, to my knowledge. I have had telephone</p> <p>25 conversations with him and I have exchanged e-mails</p>
Page 27	Page 29
<p>1 later.</p> <p>2 MR. ELLIS: Whatever.</p> <p>3 Q. Are there any other reinsurers on the block of</p> <p>4 business other than Employers Reinsurance?</p> <p>5 A. Not on the Jefferson-Pilot Life block, no.</p> <p>6 Q. Has there been any change or shift in policies that --</p> <p>7 or claims that are referred to DMS, meaning are they</p> <p>8 now getting more claims than just those that exceed</p> <p>9 \$2,000 a month in liability?</p> <p>10 A. Yes.</p> <p>11 Q. Okay. Do they get all the claims at this point?</p> <p>12 A. They get all of the claims that are reinsured through</p> <p>13 ERC.</p> <p>14 Q. That was at the direction of Employers Reinsurance?</p> <p>15 A. It was at my direction and with agreement from</p> <p>16 Employers Reinsurance.</p> <p>17 Q. Is that in writing?</p> <p>18 A. No.</p> <p>19 Q. Have you received any letters, notes, e-mails from</p> <p>20 your contact at Employers Reinsurance about DMS and</p> <p>21 their work?</p> <p>22 A. From Employers Reinsurance?</p> <p>23 Q. Uh-huh.</p> <p>24 A. No.</p> <p>25 Q. All of your communications between you and Employers</p>	<p>1 with Bill Dempsey related to non-DMS matters.</p> <p>2 Q. Do you have any notes of your verbal conversations</p> <p>3 with him regarding DMS?</p> <p>4 A. No.</p> <p>5 Q. Okay. So in your two years the Jefferson-Pilot claims</p> <p>6 that you oversee have been administered by DMS, the</p> <p>7 direction of ERC, the person you have contact with,</p> <p>8 you never had any e-mail communication to him or from</p> <p>9 him or any other type of written communication that</p> <p>10 regards DMS?</p> <p>11 A. I don't remember.</p> <p>12 Q. How would one go about learning whether that happened</p> <p>13 or not?</p> <p>14 A. I don't know.</p> <p>15 Q. Do you maintain files of your correspondence with Bill</p> <p>16 Dempsey?</p> <p>17 A. I don't recall any correspondence with Bill Dempsey</p> <p>18 regarding DMS.</p> <p>19 Q. Isn't there some written agreement between you and</p> <p>20 Employers Reinsurance that refers the balance of the</p> <p>21 claims that they reinsure to DMS?</p> <p>22 A. I'm sorry, I don't understand the question.</p> <p>23 Q. I thought you had told me that there was some</p> <p>24 arrangement you entered into to transfer all claim</p> <p>25 administration for those claims that are reinsured by</p>

8 (Pages 26 to 29)

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5/6/2004**

Page 38	Page 40
<p>1 A. Right, yes. That was a negative question. We send 2 them only claims.</p> <p>3 Q. What is the reporting that's required from DMS about 4 their strategy -- do they report what their intended 5 strategy is on a particular claim, new claim, old 6 claim, to Jefferson-Pilot?</p> <p>7 A. The only time that they would discuss their handling 8 of a JP claim would be if they required authorization 9 for settlement.</p> <p>10 Q. Okay. So once you send them the claim, other than 11 getting the quarterly reports, DMS doesn't interact 12 with Jefferson-Pilot about what their intentions are 13 about administering the claim until some settlement 14 that might exceed \$75,000?</p> <p>15 A. We do periodic audits of the claim -- Jefferson-Pilot 16 goes to DMS. I have gone to DMS and while I have not 17 personally reviewed the files, my staff have reviewed 18 files.</p> <p>19 Q. Okay.</p> <p>20 A. So in terms of interaction, there is more interaction 21 just than settlement approval.</p> <p>22 Q. Okay. That's what I'm trying to nail down. But when 23 DMS receives a claim, let's assume they develop 24 internally some strategy about how they're going to go 25 about dealing with the claim. That's not something</p>	<p>1 with her both times?</p> <p>2 A. Norm Carrier.</p> <p>3 Q. I'm sorry?</p> <p>4 A. Norm Carrier is the disability examiner.</p> <p>5 Q. Croft is C-R-O-F-T?</p> <p>6 A. Uh-huh.</p> <p>7 Q. Carrier is C-A-R-R-I-E-R?</p> <p>8 A. Uh-huh.</p> <p>9 Q. How many depositions have you given?</p> <p>10 A. In my life?</p> <p>11 Q. Uh-huh.</p> <p>12 A. I don't know.</p> <p>13 Q. Dozens?</p> <p>14 A. Probably less than a dozen.</p> <p>15 Q. Okay. Do you keep copies of all your deposition 16 transcripts?</p> <p>17 A. No.</p> <p>18 Q. Any of them?</p> <p>19 A. No.</p> <p>20 Q. Are they kept, as far as you know, in the general 21 counsel's office?</p> <p>22 A. Not to my knowledge.</p> <p>23 Q. Paragraph 1-C of the agreement says, "DMS will retain 24 third-party and affiliated investigators (including 25 but not limited to medical, physical therapy, and</p>
Page 39	Page 41
<p>1 they necessarily share with Jefferson-Pilot; they just 2 go do it, and unless you go to their office and audit 3 a claim file or unless they come with you with request 4 for settlement authority of -- what's the minimum, 5 75,000?</p> <p>6 A. Yes.</p> <p>7 Q. It is?</p> <p>8 A. Yes, I believe so.</p> <p>9 Q. Okay. So other than those two situations and the 10 third situation of information that may be contained 11 about a claim on a quarterly report, there is no 12 direction that DMS has to provide information to 13 Jefferson-Pilot about respective claims?</p> <p>14 A. That's correct.</p> <p>15 Q. Okay. How frequently do these audits take place?</p> <p>16 A. We are trying to do them once a quarter.</p> <p>17 Q. Since your tenure started in 2002 as VP of Claims, how 18 many have there been?</p> <p>19 A. We have had two, I believe.</p> <p>20 Q. Who at Jefferson-Pilot has undertaken the effort to do 21 the audits?</p> <p>22 A. My disability manager and some of her staff.</p> <p>23 Q. Who's your disability manager?</p> <p>24 A. Cynthia Croft.</p> <p>25 Q. Has it been the same person from her staff that's gone</p>	<p>1 psychiatric personnel) at the company's expense to 2 conduct or have conducted such further investigation 3 regarding each claim as is appropriate within the 4 parameters, if any, specified by the company."</p> <p>5 Has the company ever given DMS any parameters 6 on their administration of a claim?</p> <p>7 A. Within the scope of who they should refer -- who they 8 should use as a third-party vendor?</p> <p>9 Q. If that's what that paragraph refers to. I suspect 10 you haven't done that, so I went ahead and asked the 11 question have there ever been any parameters placed on 12 anything that DMS does on behalf of Jeff Pilot.</p> <p>13 A. Yes.</p> <p>14 Q. Okay. What?</p> <p>15 A. That they are supposed to make accurate liability 16 determinations on our claim files.</p> <p>17 Q. Okay. Is that expressed anywhere other than in the 18 agreement?</p> <p>19 A. In any verbal conversation I have with DMS.</p> <p>20 Q. Okay. There's an agreement that exists that we're 21 working our way through here.</p> <p>22 A. Uh-huh.</p> <p>23 Q. Are there any other documents that exist going from 24 Jefferson-Pilot to DMS saying, we want you to 25 administer claims in the following fashion, or we want</p>

11 (Pages 38 to 41)

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5/6/2004**

Page 62	Page 64
<p>1 43,000 in monthly fee, right?</p> <p>2 A. Yes.</p> <p>3 Q. It's a set fee?</p> <p>4 A. Yes.</p> <p>5 Q. Okay. This paragraph says that that set fee annually</p> <p>6 could be reviewed for adjustment and the adjustment is</p> <p>7 based on "DMS's performance in thoroughly, diligently,</p> <p>8 and fairly evaluating claims and on its performance in</p> <p>9 supporting the company's administration of the claims</p> <p>10 and underlying policies during the preceding twelve</p> <p>11 months." That's what it says. It doesn't say</p> <p>12 anything about if you hire more people and have a</p> <p>13 higher salary expense to administer claims, we'll</p> <p>14 adjust the fixed monthly fee, does it?</p> <p>15 A. No.</p> <p>16 Q. Okay. Can you turn to paragraph 6 of the agreement.</p> <p>17 Paragraph 6 is titled Performance Standard and here it</p> <p>18 says, "DMS shall perform its services in a</p> <p>19 professional manner in accordance with applicable law</p> <p>20 and generally accepted disability income insurance</p> <p>21 claims management practices and shall keep apprised of</p> <p>22 and comply with current developments in the law</p> <p>23 governing disability income insurance claims</p> <p>24 management." That's the entire paragraph.</p> <p>25 Do you have an understanding of what the</p>	<p>1 Q. Ever on any claim?</p> <p>2 A. No.</p> <p>3 Q. You've never had any discussion with her about any</p> <p>4 claim?</p> <p>5 A. No.</p> <p>6 Q. You've never had any discussion, correct?</p> <p>7 A. With Geraldine Johnson?</p> <p>8 MR. ELLIS: Third time.</p> <p>9 Q. Correct.</p> <p>10 A. Not my knowledge.</p> <p>11 Q. Okay. I asked in a negative, you gave me negative.</p> <p>12 A. I'm sorry.</p> <p>13 Q. No, it's just my quirk, not yours.</p> <p>14 So if I asked for the production of all notes</p> <p>15 or documents relating to the creation of the policies</p> <p>16 and the riders that Mr. Kearney purchased and any</p> <p>17 notes or documents relating to revisions or</p> <p>18 contemplated revisions to those policies and riders,</p> <p>19 you don't know where to start looking for that</p> <p>20 information?</p> <p>21 A. I don't know where to start looking for that</p> <p>22 information and I don't know that we even retained</p> <p>23 that information.</p> <p>24 Q. Is there a policy to destroy that information?</p> <p>25 A. There is a record retention policy. I don't know what</p>
Page 63	Page 65
<p>1 generally accepted disability income insurance claims</p> <p>2 management practices may be?</p> <p>3 A. I would assume that what we were referring to would be</p> <p>4 handling claims in good faith.</p> <p>5 Q. Is that it?</p> <p>6 A. Yes.</p> <p>7 Q. What does good faith mean to you?</p> <p>8 A. It means making fair and accurate evaluations of</p> <p>9 liability.</p> <p>10 Q. Anything else?</p> <p>11 A. Under the terms of the contract.</p> <p>12 Q. Anything else?</p> <p>13 A. And administering the claims in a professional manner.</p> <p>14 Q. Anything else?</p> <p>15 A. No.</p> <p>16 Q. Okay, no. Did the company ever set out in writing for</p> <p>17 DMS's benefit what the company considered to be the</p> <p>18 generally accepted disability income insurance claims</p> <p>19 management practices?</p> <p>20 A. Not to my knowledge.</p> <p>21 Q. Okay. When was Geraldine Johnson retained to assist</p> <p>22 Jefferson-Pilot on Mr. Kearney's claim?</p> <p>23 A. I don't know.</p> <p>24 Q. Have you ever had discussions with Ms. Johnson?</p> <p>25 A. No.</p>	<p>1 the time period is for policy forms.</p> <p>2 Q. How would I find out what it is?</p> <p>3 A. I don't know.</p> <p>4 Q. Who would you ask in the organization if you desired</p> <p>5 in your capacity to obtain that information?</p> <p>6 A. I don't know.</p> <p>7 Q. Where would you start?</p> <p>8 A. I don't know.</p> <p>9 Q. Okay. Who do you interact with at DMS?</p> <p>10 A. I have interacted with Bob Bonsall and with Todd</p> <p>11 Ditmar. I have met other individuals at DMS, but I</p> <p>12 can't recall the names right now. As I said, I have</p> <p>13 visited the headquarters of DMS and I have been</p> <p>14 introduced to a number of their staff.</p> <p>15 Q. Have you had any discussions with Bonsall about any</p> <p>16 specific claims?</p> <p>17 A. Yes.</p> <p>18 Q. Have you had any discussions with him about Mr.</p> <p>19 Kearney's claim?</p> <p>20 A. No.</p> <p>21 Q. How many individuals at DMS are responsible for the</p> <p>22 administration of the Jefferson-Pilot claims?</p> <p>23 A. I don't know.</p> <p>24 Q. Do you know who's in charge of the personnel within</p> <p>25 DMS on that particular block of business?</p>

17 (Pages 62 to 65)

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5/6/2004**

Page 66	Page 68
<p>1 A. I believe it is Todd Ditmar.</p> <p>2 Q. Are you mindful of any other lawsuits in which the</p> <p>3 company has been engaged where it has asserted that it</p> <p>4 has overpaid someone receiving residual disability</p> <p>5 because the company has paid that person Social</p> <p>6 Security Supplement benefit?</p> <p>7 A. No.</p> <p>8 Q. Were you involved at all in the King litigation in</p> <p>9 Alabama or Mississippi?</p> <p>10 A. Yes.</p> <p>11 Q. Wasn't that one of the issues in that case?</p> <p>12 A. No.</p> <p>13 Q. It wasn't an issue about him being overpaid Social</p> <p>14 Security Supplement benefit while on residual</p> <p>15 disability?</p> <p>16 A. Not to my knowledge.</p> <p>17 Q. Did you ever execute an affidavit in that case?</p> <p>18 A. I may have.</p> <p>19 Q. Did you give a deposition in that case?</p> <p>20 A. Yes.</p> <p>21 Q. When was that?</p> <p>22 A. October of 2003.</p> <p>23 Q. Before we turn to the King case, are you mindful of</p> <p>24 any other lawsuits in which it's been asserted by the</p> <p>25 company that it overpaid someone on residual</p>	<p>1 Q. That wasn't my question. I didn't ask what questions</p> <p>2 you were asked at deposition. I said did it jog your</p> <p>3 memory about that issue being an issue in the</p> <p>4 litigation?</p> <p>5 A. I don't remember that issue being an issue in the</p> <p>6 litigation. It may have been an issue in the</p> <p>7 litigation, but I don't recall the specifics of the</p> <p>8 allegations in that case.</p> <p>9 Q. Okay.</p> <p>10 (Defendant's Exhibit No. 7 was marked for</p> <p>11 identification by Mr. Roberts.)</p> <p>12 Q. Exhibit 7 is an Affidavit of Valerie Loftin in King</p> <p>13 versus Jefferson-Pilot Life Insurance Company. Do you</p> <p>14 recall executing this affidavit?</p> <p>15 A. Yes.</p> <p>16 Q. Okay. Is the information in here truthful?</p> <p>17 A. Yes.</p> <p>18 Q. Okay. In paragraph 3 you say under oath that the</p> <p>19 payments under the policy were for total disability</p> <p>20 benefits, residual disability benefits, and Social</p> <p>21 Security Supplement benefits.</p> <p>22 A. Yes.</p> <p>23 Q. Does that refresh your memory that Social Security</p> <p>24 Supplement benefits were an issue in the case?</p> <p>25 A. I didn't remember Social Security Supplement benefits</p>
Page 67	Page 69
<p>1 disability by paying to that person either a Social</p> <p>2 Security Supplement benefit or a COLA benefit?</p> <p>3 A. Not to my knowledge.</p> <p>4 (Defendant's Exhibit No. 6 was marked for</p> <p>5 identification by Mr. Roberts.)</p> <p>6 Q. Do you ever interact with Mr. Hughes regarding the</p> <p>7 claim of Aubert King?</p> <p>8 A. Mr. Hughes may be one of the individuals that I met at</p> <p>9 DMS, but I don't recall him specifically.</p> <p>10 Q. You don't recall any interaction with him in specific</p> <p>11 regard to the Aubert King litigation?</p> <p>12 A. He may have been present at some of the depositions.</p> <p>13 I don't recall.</p> <p>14 Q. In this June of 2000 letter purportedly written by Mr.</p> <p>15 Hughes, purportedly sent to a lawyer, purportedly</p> <p>16 regarding a guy named Aubert King, it is suggested by</p> <p>17 DMS that the individual Mr. King, the policyholder,</p> <p>18 had been overpaid under the residual disability rider</p> <p>19 and had been overpaid 21,000 under the Social Security</p> <p>20 Supplement rider. Does that jog your memory at all</p> <p>21 about the Social Security Supplement benefits</p> <p>22 overpayment issue in the King litigation?</p> <p>23 MR. ELLIS: Objection.</p> <p>24 A. I don't recall being asked any questions about the</p> <p>25 Social Security Supplement rider.</p>	<p>1 being an issue. I remembered residual disability</p> <p>2 benefits being an issue.</p> <p>3 Q. Do you now recall that it was an issue, having seen</p> <p>4 your affidavit?</p> <p>5 A. Obviously it was.</p> <p>6 Q. And in paragraph 4 you laundry-list from some -- did</p> <p>7 you do any work to prepare this sworn testimony or</p> <p>8 just sign what someone had provided you?</p> <p>9 A. This was something someone had provided me.</p> <p>10 Q. Did you check to see whether the information was</p> <p>11 accurate before you swore to its truth?</p> <p>12 A. Yes.</p> <p>13 Q. Okay. Paragraph 4 you say that Mr. King received an</p> <p>14 overpayment of residual disability benefits of</p> <p>15 \$33,000. In paragraph 5 you say under oath that he</p> <p>16 received a \$21,000 overpayment of Social Security</p> <p>17 Supplement benefits. Was that while he was on</p> <p>18 residual disability?</p> <p>19 A. I don't recall.</p> <p>20 Q. You don't know one way or the other?</p> <p>21 A. I don't recall the specifics of this particular case.</p> <p>22 Q. How do you know -- so you don't any longer have the</p> <p>23 personal knowledge you purported to have about there</p> <p>24 being an overpayment?</p> <p>25 A. I don't recall the specifics of this individual case</p>

18 (Pages 66 to 69)

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**Jefferson-Pilot Insurance Company vs. Christopher L. Kearney  
Valerie Loftin**

**C-1-02-479  
5/6/2004**

Page 70	Page 72
<p>1 anymore.</p> <p>2 Q. Okay.</p> <p>3 A. I do recall that it was related to overpayment of</p> <p>4 residual disability.</p> <p>5 Q. Is that your signature on the affidavit?</p> <p>6 A. Yes, it is.</p> <p>7 Q. Were you put under oath before you signed it?</p> <p>8 A. No.</p> <p>9 Q. You were not put under oath before you signed it?</p> <p>10 A. I signed before a notary.</p> <p>11 Q. Did she put you under oath or did he put you under an</p> <p>12 oath?</p> <p>13 A. I signed before a notary. What does that mean by</p> <p>14 being put under oath? Did I raise my right hand? No.</p> <p>15 I had a notary witness my signature.</p> <p>16 Q. Did you work with Mr. Ditmar on that claim?</p> <p>17 A. No, I didn't work with Mr. Ditmar on this particular</p> <p>18 claim. I have worked with Mr. Ditmar on more general</p> <p>19 matters.</p> <p>20 Q. Who is Kim Brann?</p> <p>21 A. Spell the name, please.</p> <p>22 Q. B-R-A-N-N.</p> <p>23 A. I don't know.</p> <p>24 Q. Can you recall here now any other litigations where</p> <p>25 Social Security Supplement rider benefits were alleged</p>	<p>1 A. We have a disability department in-house in Concord,</p> <p>2 New Hampshire, and we do handle disability claims.</p> <p>3 Q. Does Jefferson-Pilot educate its claims administration</p> <p>4 personnel on the terms of its policies or do they just</p> <p>5 leave it to the claims administration person to come</p> <p>6 to the correct understanding of a particular policy,</p> <p>7 and I guess correct being consistent with the other</p> <p>8 individuals at Jefferson-Pilot?</p> <p>9 You're looking at me quizzically. Did I not</p> <p>10 phrase that question artfully?</p> <p>11 A. No, you didn't phrase the question artfully. Let's</p> <p>12 try it again.</p> <p>13 Q. Does Jefferson-Pilot provide any education or training</p> <p>14 to its claims administration personnel to insure that</p> <p>15 they all have a singular and accurate understanding of</p> <p>16 the benefits provided under respective policies?</p> <p>17 A. We provide our disability examiners with ongoing</p> <p>18 training that includes the various provisions under</p> <p>19 our various policies.</p> <p>20 Q. Does that mean that there's an interpretation of the</p> <p>21 policies that is stated by the company to -- for</p> <p>22 example, if I started today as a claims person in --</p> <p>23 did you say New Hampshire?</p> <p>24 A. Yes.</p> <p>25 Q. If I went there, I'm right out of school, no</p>
Page 71	Page 73
<p>1 to have been overpaid to a residual disability</p> <p>2 claimant?</p> <p>3 A. I don't recall.</p> <p>4 Q. Any litigation concerning the alleged overpayment of a</p> <p>5 COLA benefit to a residual disability claimant?</p> <p>6 A. I don't know.</p> <p>7 Q. Do you know who was the first person to suggest that</p> <p>8 Mr. Kearney had received an overpayment?</p> <p>9 A. No.</p> <p>10 Q. Do you know the process by which anyone came to that</p> <p>11 conclusion?</p> <p>12 A. No.</p> <p>13 Q. So you personally have no understanding or experience</p> <p>14 with the administration, the actual administration by</p> <p>15 Jefferson-Pilot of claims, disability insurance</p> <p>16 claims?</p> <p>17 A. I do have understanding of the administration of</p> <p>18 disability claims by Jefferson-Pilot. Disability</p> <p>19 claims administration reports to me.</p> <p>20 Q. But that is not a function that Jefferson-Pilot has</p> <p>21 performed since you took over Vice President of</p> <p>22 Claims?</p> <p>23 A. For Jefferson-Pilot Life Insurance policies that are</p> <p>24 reinsured through ERC, those are handled through DMS.</p> <p>25 Q. Okay.</p>	<p>1 experience, I take on a job being a claim rep and you</p> <p>2 have 20 different policies that have been sold that</p> <p>3 are active policies with regard to the files that I've</p> <p>4 been provided to administer, am I left to read for</p> <p>5 myself and conclude for myself what rights the</p> <p>6 policyholder has under a specific policy or is there</p> <p>7 some education that I would be given to help me</p> <p>8 understand what rights the policyholder has under a</p> <p>9 policy?</p> <p>10 A. We would expect a claims examiner to be able to read</p> <p>11 the policy --</p> <p>12 Q. Okay.</p> <p>13 A. -- that was applicable to a specific case.</p> <p>14 Q. Okay. So all of the claims persons are assumed to</p> <p>15 accurately, correctly read the policy and they're all</p> <p>16 assumed to have the exact same interpretation of the</p> <p>17 policy?</p> <p>18 A. We provide them with training, both internal and</p> <p>19 through industry-sponsored courses regarding various</p> <p>20 issues surrounding the handling of disability claims.</p> <p>21 That would include training on the various contracts</p> <p>22 that are available. But we ultimately expect them to</p> <p>23 be able to read the contract and apply it to the case</p> <p>24 at hand.</p> <p>25 Q. They're not lawyers, they don't have any legal</p>

19 (Pages 70 to 73)

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**C-1-02-479  
5/6/2004**

Page 114	Page 116
<p>1 Q. You don't know, okay. If Mr. Hughes of DMS on behalf 2 of Jefferson-Pilot extended to Mr. Kearney an offer of 3 settlement in October of 2001 in the amount of 4 \$280,000, that settlement offer, the amount, based on 5 your knowledge of the relationship between JP and DMS, 6 would have necessarily required JP's authority? 7 A. Yes. 8 Q. Okay. In the fall of 2001, who at Jefferson-Pilot 9 would have interacted with DMS to provide that 10 authority? 11 A. I believe it would have been Clyde Honaker. 12 Q. Is he still employed by the company? 13 A. No. 14 Q. He's the guy in Lexington? 15 A. Yes. 16 Q. I'll see him on my way back. What was his position at 17 that time? 18 A. He was Vice President of Claims. 19 (Defendant's Exhibit No. 13 was marked for 20 identification by Mr. Roberts.) 21 Q. I've marked as Exhibit 13 a copy of a letter from Mr. 22 Kearney's prior counsel in October of 2001 and a 23 response of William Hughes three days later on October 24 22, 2001. Have you seen these letters previously? 25 A. Not that I recall, no.</p>	<p>1 Q. When did you do that? 2 A. Last night. 3 MR. ROBERTS: Let's go off the record for one 4 second. 5 (Discussion off the record) 6 Q. You reviewed the proposal last night? 7 A. Not the whole thing. I think I may have looked at 8 some pages of the proposal, and there were references 9 to it in one of your motions for summary judgment. 10 Q. The one you weren't persuaded by? 11 A. Yes, the one I wasn't persuaded by. 12 Q. It's a small group you're in. 13 (Defendant's Exhibit No. 14 was marked for 14 identification by Mr. Roberts.) 15 Q. Were you with anybody last night when you were 16 conducting this review or were you by yourself? 17 A. Well, if you count my three kids. 18 Q. How old are they? 19 A. Seven, ten, and fourteen. 20 Q. Did you ask for their input? 21 A. No. 22 Q. I've handed to you what has been Bates labeled as 0635 23 through 0642, and then there is 0642-A and 0643. Also 24 attached to this exhibit are 0633, 0633-A, and 0634. 25 Do I understand correctly that a disability</p>
Page 115	Page 117
<p>1 Q. On the first page of the first letter in that 2 compilation, the last sentence, first paragraph says, 3 "Mr. Kearney was not interested in making a 4 counteroffer to your offer to him of \$280,000." Is 5 this the first occasion that it's been represented to 6 you that there was a settlement offer made to Mr. 7 Kearney back in 2001? 8 MR. ELLIS: I'll object and ask for a 9 continuing objection under Rule 408. 10 MR. ROBERTS: It's not Rule 408, buddy. 11 Q. Go ahead. 12 A. I don't know. 13 Q. You don't know if it's the first time you've heard 14 about that? 15 A. I don't know any of the particulars surrounding DMS's 16 handling of Mr. Kearney's -- 17 Q. That wasn't my question. My question was, is right 18 now the first time that you've understood or someone 19 has shared with you an offer made to Mr. Kearney in 20 the fall of 2001? 21 A. I don't remember. 22 Q. Have you ever reviewed the proposal provided to Mr. 23 Kearney before he decided to accept the proposal and 24 buy the insurance from your company? 25 A. Yes, I did.</p>	<p>1 insurance company such as Jefferson-Pilot sells its 2 policies to the public through various agents? 3 A. Yes, sir. 4 Q. Okay. Are the agents given information to provide to 5 their prospective policyholder that educates the 6 policyholder on what their rights may be if they 7 purchase this product? 8 A. The agents are given marketing material that 9 summarizes provisions in the proposed contracts but 10 does not spell out all of the particulars of a 11 contract. 12 MR. ROBERTS: Let's stop there. 13 (Lunch recess) 14 Q. Were you able to make that call to see who provided 15 the information, the sworn factual information -- 16 A. I spoke with in-house counsel and was advised that the 17 information came from our Legal Department's 18 conversations with DMS examiners who had handled the 19 file. 20 Q. Who's going to verify the responses? 21 A. (Indicating) 22 Q. Who's going to swear to the truth of the responses? 23 A. I don't know, someone from our Legal Department. 24 Q. They don't have any factual knowledge. So we're just 25 not going to get sworn responses?</p>

30 (Pages 114 to 117)

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